

AR45

Reid Lithographing Company Limited



Annual Report
1970

Directors and Officers

Directors

D. G. WILLMOT, Toronto, Ontario
S. A. ALLAN, Hamilton, Ontario
J. R. SOUTH, Toronto, Ontario
J. P. HUDSON, Toronto, Ontario
E. H. ORSER, Montreal, Quebec
A. E. CHAPMAN, Toronto, Ontario
G. H. GREENHOUGH, Burlington, Ontario

Officers

S. A. ALLAN, M.B.E.,
Chairman of the Board and Chief Executive Officer
G. H. GREENHOUGH, R.I.A., F.C.I.S.,
President and Secretary-Treasurer

Head Office

P.O. Box 133, Station "B"
Cavell Avenue,
Hamilton, Ontario

Auditors

Clarkson, Gordon & Co., Hamilton, Ontario

Registrar, Transfer and Dividend Disbursing Agent

Canada Permanent Trust Company

ORIGINAL ARTICLES

THE EFFECT OF THE PHYSICIAN'S PERSONALITY ON THE PATIENT'S RESPONSE

JOHN H. BROWN, M.D., and
JOHN W. HARRIS, M.D.

From the Department of Psychiatry,
University of California, San Francisco, Calif.

Received for publication May 15, 1964.

Revised manuscript received July 15, 1964.

Reprint requests: Dr. John H. Brown, M.D.,
Department of Psychiatry, University of California,
San Francisco, Calif. 94143.

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Report to the Shareholders

Sales and earnings of the Company and of its wholly-owned subsidiary, Reid Press Limited, for the year 1970 advanced satisfactorily over those of the previous year.

Sales for the first quarter of 1970 fell back from those of the same period the previous year, the second and third quarters improved considerably and on the year as a whole, sales of \$7,663,511. were 8.7% ahead of last year.

The Directors are gratified that the net income position has also improved along with sales volume, to 4.7% of sales equivalent to \$2.12 per common share after providing for preference share requirements.

Dividends paid during the year amounted to \$117,577. of which \$3.12½ applied to each preference share and 10¢ per common share for the first quarter and 13¢ per common share for the remaining three quarters.

After the annual payment of \$32,000. on principal, Bond Indebtedness stands at \$394,000. as at December 31, 1970. Capital expenditures amounted to \$257,212., and working capital will be noted to have increased by \$118,334. to \$1,433,239.

The construction of new Locker and Washroom facilities and a small extension and re-arrangement of the Office space represents 28% of capital expenditures. Some changes in the heating plant to reduce Air Pollution were willingly undertaken.

The market development of our several patented and licensed items is proceeding satisfactorily.

During the year Mr. G. M. Wilson resigned from the Board of the parent Company and from Reid Press Limited and the Directors wish to express their appreciation of his counsel while a member.

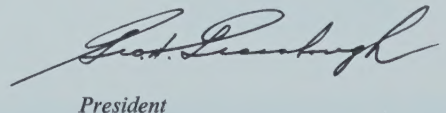
Mr. J. R. South was appointed a Director to replace Mr. Wilson.

At the time of reporting, the first quarter is somewhat slow, in line with the general decline in business activity, however we anticipate a marked up-swing as the year progresses.

Plant and Office personnel have all performed their duties diligently and are sincerely thanked by the Directors and Management.



James A. Allen
Chairman of the Board



Fred. P. Leach
President

Reid Lithographing Company Limited

(Incorporated under the laws of Ontario)

and its wholly-owned subsidiary

Reid Press Limited

CONSOLIDATED

DECEMBER 31, 1970

(with comparative figures for 1969)

ASSETS

	1970	1969
CURRENT:		
Cash	\$ 6,085	\$ 8,587
Accounts receivable (less allowance for doubtful accounts).	627,400	725,973
Inventories (note 1).	1,526,074	1,664,489
Prepaid expenses	18,669	18,912
Cash surrender value of life insurance.	54,222	51,560
Total current assets.	2,232,450	2,469,521
FIXED — at cost (note 2):		
Land, buildings and equipment	3,650,647	3,405,264
Less accumulated depreciation	2,039,871	1,866,932
	1,610,776	1,538,332
OTHER:		
Bond discount and issue expenses less amounts written off.	12,341	14,547
Organization and share issue expenses	—	91,331
Other assets	6,159	14,145

On behalf of the Board:

S. A. ALLAN, *Director*

G. H. GREENHOUGH, *Director*

\$3,861,726 \$4,127,876

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
REID LITHOGRAPHING COMPANY LIMITED:

We have examined the consolidated balance sheet of Reid Lithographing Company Limited and its subsidiary company, Reid Press Limited, as at December 31, 1970 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

ALANCE SHEET

31, 1970
t December 31, 1969)

	1970	1969
CURRENT:		
Bank indebtedness		
(secured by pledge of accounts receivable)	\$ 459,415	\$ 699,581
Accounts payable and accrued charges	233,922	218,062
Income and other taxes payable	73,874	204,973
Sinking fund instalment due within one year	32,000	32,000
Total current liabilities	799,211	1,154,616
FUNDED DEBT (note 3):		
6¼% first mortgage sinking fund bonds series A of Reid Press Limited due February 15, 1982.	394,000	426,000
Less sinking fund instalment due February 15, 1971	32,000	32,000
	362,000	394,000
DEFERRED INCOME TAXES	294,000	306,000
SHAREHOLDERS' EQUITY:		
Capital stock (note 4) —		
Authorized less redeemed:		
48,020 preference shares with a par value of \$50 each issuable in series		
200,000 common shares without par value		
Issued:		
14,020 6¼% cumulative redeemable preference shares, series A	701,000	721,000
149,621 common shares	479,696	479,696
	1,180,696	1,200,696
Retained earnings (statement 2)	1,225,819	1,072,564
	2,406,515	2,273,260
	<u>\$3,861,726</u>	<u>\$4,127,876</u>

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Canada
March 2, 1971

CLARKSON, GORDON & CO.
Chartered Accountants

Consolidated Statement of Income and Retained Earnings

for year ended December 31, 1970

Reid Lithographing Company Limited

(with comparative figures for 1969)

		1970	1969
INCOME	Sales	\$7,663,511	\$7,050,306
	Cost of sales	6,106,014	5,632,737
	Gross income	1,557,497	1,417,569
	Expenses:		
	Selling and distribution	466,087	439,524
	Management, office and general	251,627	226,279
		717,714	665,803
	Operating income	839,783	751,766
	Funded debt and other interest charges:		
	Bond interest	24,875	26,875
	Bond discount and issue expenses written off	2,206	2,384
	Bank and other interest	40,239	44,465
		67,320	73,724
	Income before taxes thereon	772,463	678,042
RETAINED EARNINGS	Income taxes	410,300	361,900
	Net income for year	\$ 362,163	\$ 316,142
	Earnings per common share	\$ 2.12	\$ 1.81
	Retained earnings beginning of year	\$1,072,564	\$ 862,091
	Organization and share issue expenses written off	91,331	—
		981,233	862,091
	Net income for year	362,163	316,142
		1,343,396	1,178,233
	Dividends paid:		
	Preference shares — 6¼%	44,263	45,826
	Common shares — 49¢ per share in 1970 (40¢ in 1969)	73,314	59,843
		117,577	105,669
	Retained earnings end of year	\$1,225,819	\$1,072,564

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Inventories —

The inventories are valued at the lower of cost and net realizable value and consist of the following:

	1970	1969
Raw materials	\$ 306,571	\$ 306,445
Work in process	551,445	757,035
Finished goods	617,313	564,162
Factory supplies	50,745	36,847
	<u>\$1,526,074</u>	<u>\$1,664,489</u>

(2) Fixed assets —

The major categories of fixed assets are as follows:

	December 31, 1970			Net depreciated value December 31 1969
	Cost	Accumulated depreciation	Net depreciated value	
Land	\$ 59,805		\$ 59,805	\$ 59,805
Buildings	627,042	\$ 209,052	417,990	356,453
Equipment	2,963,800	1,830,819	1,132,981	1,122,074
	<u>\$3,650,647</u>	<u>\$2,039,871</u>	<u>\$1,610,776</u>	<u>\$1,538,332</u>

Consolidated Statement of Source and Application of Funds

for year ended December 31, 1970

Reid Lithographing Company Limited

(with comparative figures for 1969)

		1970	1969
SOURCE OF FUNDS	Operations —		
	Net income for year	\$ 362,163	\$ 316,142
	Add (deduct):		
	Depreciation	184,768	169,966
	Amortization of other assets	8,206	6,384
	Deferred income taxes	(12,000)	(12,500)
	Discount on purchase of preference shares	(3,506)	(2,887)
		539,631	477,105
	Decrease in other assets	1,986	7,345
		541,617	484,450
APPLICATION OF FUNDS	Acquisition of fixed assets (net)	257,212	45,083
	Payments on funded debt	32,000	32,000
	Dividends to shareholders	117,577	105,669
	Purchase of series A preference shares	16,494	20,613
		423,283	203,365
	Increase in working capital	118,334	281,085
	Working capital at beginning of year	1,314,905	1,033,820
	Working capital at end of year	\$1,433,239	\$1,314,905

Depreciation of \$184,768 (1969 — \$169,966) has been provided on a "straight-line" basis at rates which will amortize the costs of the assets over their estimated useful life, except for certain vehicles depreciated on the declining balance method.

- (3) Funded debt —
The 6¼% first mortgage sinking fund bonds series A of Reid Press Limited require annual sinking fund payments of \$32,000 in 1971 and 1972, and \$33,000 from 1973 to 1981 inclusive.
- (4) Capital stock —
The series A preference shares are redeemable at \$52.50 per share. During 1970, 400 series A preference shares were purchased for cancellation for cash, \$16,494.
- (5) Statutory information —
The aggregate direct remuneration paid to the directors and senior officers of the company, as defined by the Business Corporations Act of Ontario, in 1970 amounted to \$67,400.

Products of Reid Press Limited

FOLDING CARTONS

to contain nationally advertised brands of such consumer products as Breakfast Cereals, Cake Mixes, Cookies, Biscuits, Facial Tissues, Sanitary Napkins, Powdered Milk, Soaps and Detergents, Pet Foods, Chewing Gum and Candy, Cigarettes, etc.

“MARKSMAN” high-speed packaging system for multiple wrapping of bottles or cans for the Beverage and Canned Food Industries.

“TUK-FRAME” is a highly sophisticated display carton for drug, cosmetic and toiletry packaging. It frames the product with shadow-box effect for eye-catching shelf display.

“PACK-EDG” — a carton incorporating a reclosing feature particularly suitable for some items of retail trade.

LABELS

for Canned Fruits, Vegetables, Meat, Milk, Pet Food, Fruit Juices and Beverages. Labels for the Chewing Gum and Confectionary Industry. Labels for the Brewing, Milling, Cosmetics and Tobacco Industries.

MISCELLANEOUS

Paper Coupons, Inserts, Advertising Displays, Road Maps, Catalogues and Cook Books. Wrappers for prepared Meats. Wrappers for Garment Boxes, etc.
